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OFFICE OF THE STATE AUDITOR

Mission Statement

The mission of the State Auditor's Office is to serve as a deterrent to fiscal mismanagement, fraud, and misuse of assets by state agencies and providers of Medicaid services and to provide audit coverage of those entities as required by law or regulation. Medicaid audit reports are provided to the Department of Health and Human Services and to the Medicaid service providers. The State Auditor's Office performs the audit of the State's General Purpose Financial Statements, and the Single Audit of the State's Schedule of Expenditures of Federal Awards. The State Auditor's Office also provides investigative and technical assistance to government entities and maintains a statewide toll-free Fraud Hotline to allow the citizens of South Carolina to report waste, fraud, misuse and abuse of State funds.

Description of Programs

Priority Ranking:

Program Title: Audits Program - State Agencies

Program Cost:

Funding for this program is provided entirely by State appropriations. For FY 1997-98 total expenditures for this program were \$2,350,987.

Program Goals:

Section 11-7-20, 1976 South Carolina Code of Laws, as amended, requires the State Auditor to examine at least once each year the books, accounts, receipts, disbursements, vouchers and records of all State officers charged with the receipt and expenditure of public funds and of all State educational, charitable and penal institutions for the support of which the State contributes by an appropriation or provision of Law. The goals of this program are to identify weaknesses in agencies' accounting systems or procedures, to report non-compliance with laws and regulations, and to create a deterrent to fraud and poor financial management.

The State Auditor's Office audits the State's General Purpose Financial Statements, which are important to the State's credit rating, and conducts the Single Audit of Expenditures of Federal Awards, which is required by the Single Audit Act of 1984. The State Auditor's Office also provides technical assistance to other governmental entities by reviewing financial records and systems of organizations alleged to have financial problems of a management or criminal nature.

Program Objectives:

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STATE DOCUMENTS

Provide adequate audit coverage of state agencies and audit each year those agencies where annual audits are required by law.

Audit each year the State's General Purpose Financial Statements prepared by the Comptroller General.

Audit each year the State's Schedule of Expenditures of Federal Awards.

Respond to all requests for technical assistance in reviewing financial records when allegations of wrongdoing are made or suspected.

Performance Measures:

Key Business Drivers

Percent of required agency audits completed within 14 months of fiscal year end.

Audit of the State's General Purpose Financial Statements by December 1 each year.

Single Audit of Expenditures of Federal Awards completed by June 30 each year.

Percent of requests for technical assistance satisfied.

Current Level of Performance

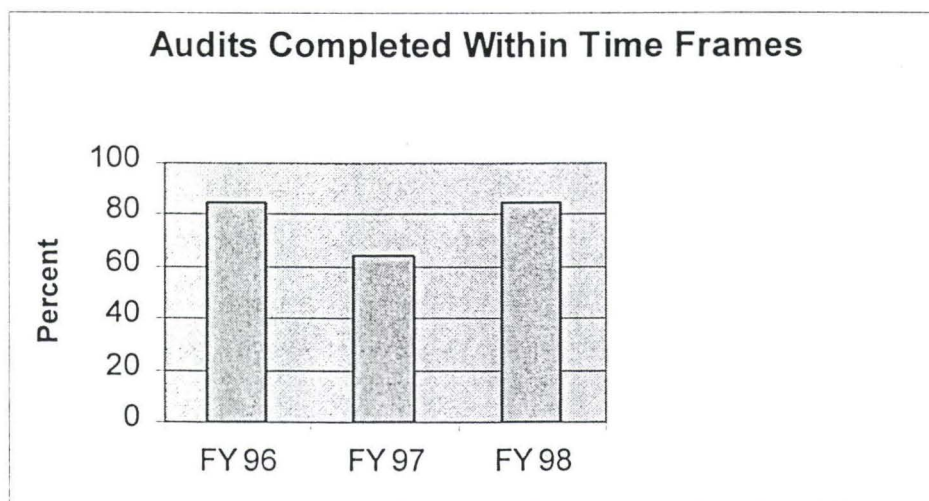
Eighty-five percent of the audits scheduled and required by law were completed

Audit of the State's General Purpose Financial Statements completed on schedule

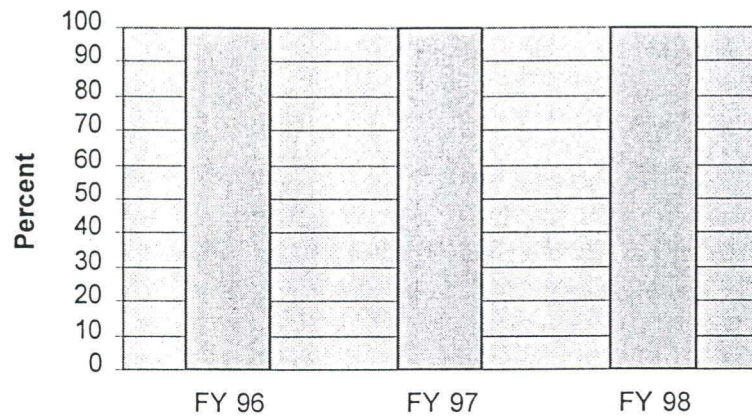
Single Audit of Expenditures of Federal Awards completed on schedule

All requests for technical assistance were satisfied

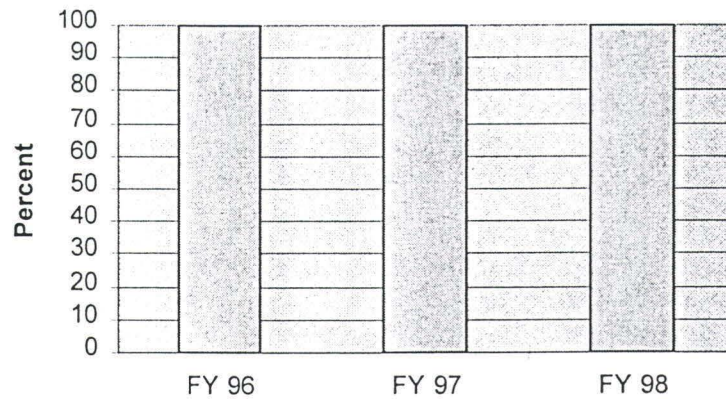
Trend over Time for the Key Business Drivers

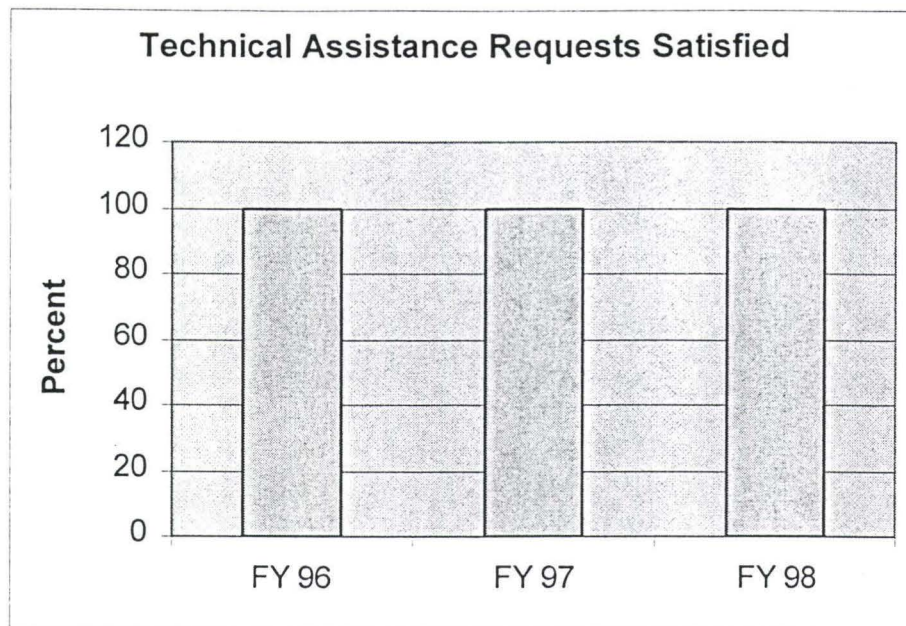


Statewide Audit Completed By December 1



Single Audit Completed By June 30





Benchmarks for the Key Business Drivers

Since we have not been able to identify a comparable function in the private or public, our benchmarks are based on prior years' experience

- 1) Eighty-five percent
- 1) 100 percent complete by December 1
- 2) 100 percent complete by June 30
- 3) 100 percent of requests are satisfied

Priority Ranking: 2

Program Title: Audits Program-Medicaid

Program Cost

Funding for this program is provided by State appropriations. However, the Appropriations Act requires the State Auditor's Office to bill the Department of Health and Human Services for 50% of the cost of auditing Medicaid providers. This reimbursement by the Department of Health and Human Services is remitted to the State's general fund. In FY 1997-98 the total expenditures for this program were \$1,157,922.

Program Goals:

The goal of this program is to provide adequate audit coverage of approximately 300 participating Medicaid providers in accordance with the Code of Federal Regulations, Title 42, Section 447.253, which requires periodic audits of the financial and statistical records of participating providers of Medicaid institutional care. Each year

approximately 100 Medicaid contractors are audited. The audits identify overpayments of state and federal Medicaid funds to Medicaid providers, allowing the Department of Health and Human Services to recoup the funds. In addition to the cost savings, the program deters Medicaid providers from making future claims for reimbursement for similar costs.

Program Objectives:

- 1) Conduct audits and agreed-upon-procedures of the financial and statistical reports of Medicaid providers as necessary to ensure adequate audit coverage for the program.
- 2) Identify overpayments of state and federal Medicaid funds to Medicaid providers.

Performance Measures:

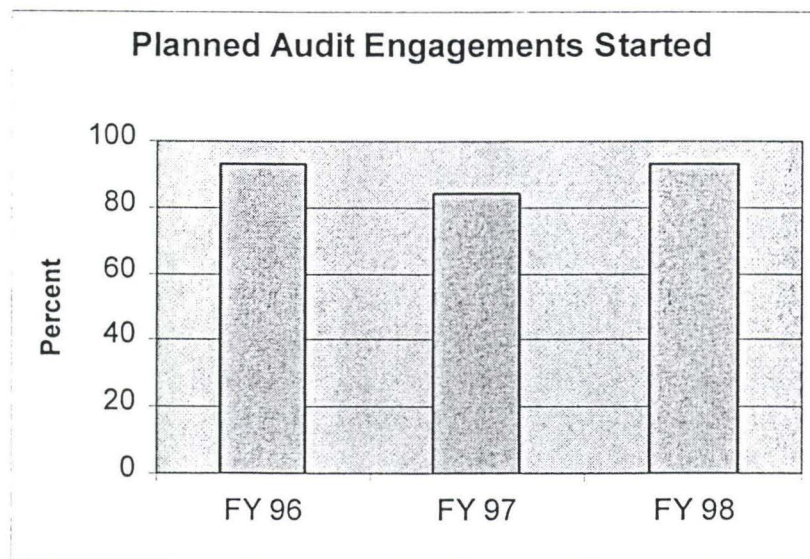
Key Business Drivers

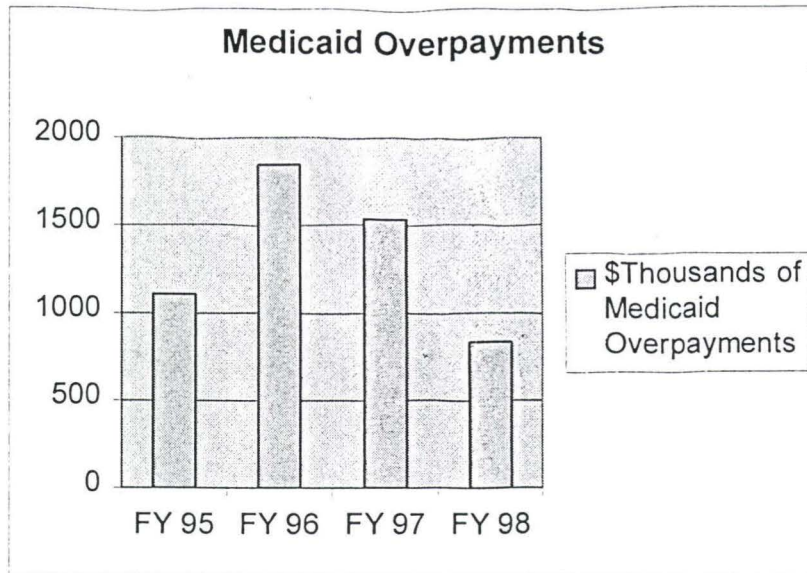
- 1) Percent of planned audits engagements started
- 2) Dollar value of Medicaid overpayments

Current Level of Performance

- 1) 93% of planned audit engagements were started
- 2) \$839,136 Medicaid overpayments were identified

Trend over Time for the Key Business Drivers





Benchmarks for the Key Business Drivers

Since we have not been able to identify a comparable function in the private or public, our benchmarks are based on prior year's experience

- 1) Ninety percent of planned audit engagements are started
- 2) \$1,500,000 of Medicaid overpayments are identified

Program Ranking: 3

Program Name: Hotline

Program Cost:

Funding for this program is provided entirely by State appropriations. In FY 1997-98 the program expended \$864 for telephone charges. Since reports of fraud and misuse of public funds are documented, referred, or investigated by auditors as a part of the State Agency Audits Program, no FTE positions are authorized for this program.

Program Goals:

Section 63E.4. of the 1997-98 Appropriations Act states "the State Auditor is directed to maintain a Fraud Hotline, and provide Statewide toll free telephone service for use by citizens of this State to report incidences of waste, fraud, misuse, and abuse of state funds." The goal of this program is to deter fraud, waste, and misuse of public funds and to provide the citizens of the State a means of reporting such actions.

Program Objectives:

- 1) Maintain a Fraud Hotline, including toll free access.

- 2) Initiate appropriate action on all calls to the Hotline.

Performance Measures:

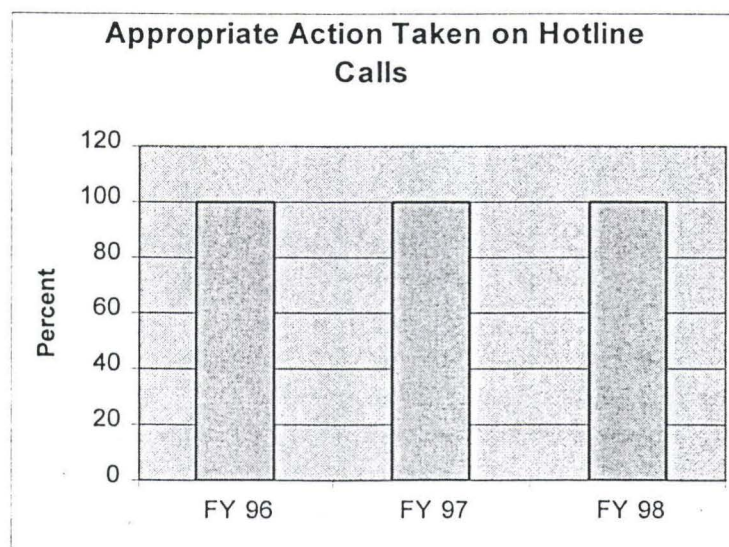
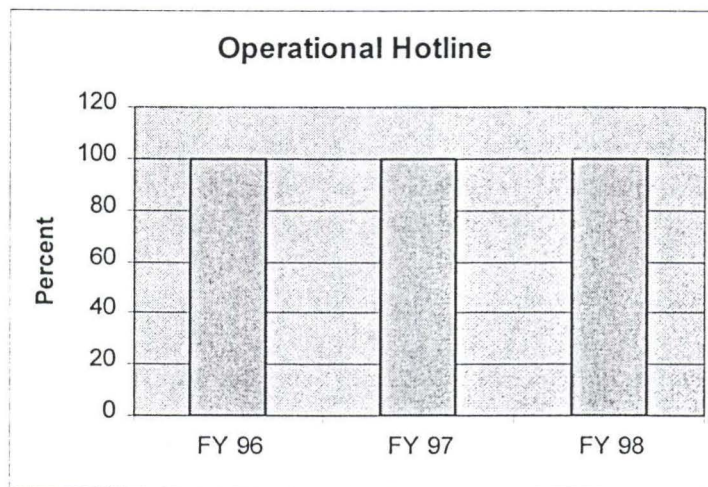
Key Business Drivers

- 1) Hotline is operational, including toll free access.
- 2) Appropriate action taken on calls.

Current Level of Performance

- 1) Hotline was operational 100 percent of FY 98, including toll free access.
- 2) Appropriate action taken on all calls.

Trend Over Time for the Key Business Drivers



Benchmarks for the Key Business Drivers

Since we have not been able to identify a comparable function in the private or public, our benchmarks are based on prior year's experience. The benchmark is for the Hotline to be operational 100 percent of the time and appropriate action is taken on all calls.

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